

Message Text

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ORIGIN NEA-13

INFO OCT-01 ISO-00 PM-07 NSC-10 SPC-03 SS-20 RSC-01 DODE-00

EB-11 COME-00 L-03 TRSE-00 CIAE-00 INR-10 NSAE-00

/079 R

DRAFTED BY NEA/EGY:LWSEMAKIS:EF

APPROVED BY NEA:ALATHERTON

NAVSHIPS-OOC: H.H. BOYD(PHONE)

PM/ISO: J.R. DEWENTER (INFO)

OSD/ISA/MESA: T.A. PIANKA (INFO) N

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P 282323Z JAN 74

FM SECSTATE WASHDC

TO USINT CAIRO PRIORITY

C O N F I D E N T I A L STATE 018384

E.O. 11652: GDS

TAGS: BEXP, EG

SUBJ: SUEZ CANAL SALVAGE OPERATIONS

REF: CAIRO 421

1. BARRACCA \$830,000 FIGURE IS NOT REPEAT NOT CURRENT LEASING FIGURE AND INCLUDES COSTS WHICH WOULD NOT APPLY ON ARRANGEMENT WITH MURPHY, CO. CAPT BOYD HAS BEEN IN TOUCH WITH MURPHY PRESIDENT LAUTER, AND HAS ALSO TELEPHONED CURRENT LEASING RATES, WHICH ARE CONSIDERABLY LOWER, TO MURPHY VICE PRESIDENT THOMAS IN SAN FRANCISCO ON JANUARY 25. THOMAS CLAIMS HE TELEXED LATEST RATES DIRECTLY TO BARRACCA IN CAIRO. WE PRESUME TELEX HAD NOT YET REACHED BARRACCA AT TIME DATA CONTAINED IN REFTEL WAS REPORTED.

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2. CURRENT RATES AS FOLLOWS: FOR HEAVY LIFT CRAFT, RATE IS \$500 PER DAY PER CRAFT WHILE IN STANDBY OR TOWING STATUS, AND \$1,000 PER DAY WHEN CRAFT IN USE. FOR MEDIUM LIFT CRAFT, RATE IS \$250 AND \$500 RESPECTIVELY. CONTRAC-
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TOR (I.E., MURPHY) ALSO IS UNDER OBLIGATION TO MAN, MAKE

NECESSARY REPAIRS, PROVIDE TOW, AND INSURE CRAFT.

3. ACCORDING TO CAPT. BOYD, CURRENT RATES WERE ARRIVED AT AFTER CONSIDERABLE CONSULTATION WITH RESPONSIBLE U.S. NAVAL AUTHORITIES AND IN NAVY'S JUDGMENT ARE FAIR AND VERY FAVORABLE TO MURPHY CO. BASED ON INFORMATION RECEIVED FROM MURPHY, ON PROBABLE DURATION OF CRAFT USE, AT

CURRENT LEASING RATE FOR TWO HEAVY AND TWO MEDIUM LIFT CRAFT, TOTAL COST SHOULD COME TO APPROXIMATELY 400,000 DOLLARS. THIS FIGURE, OF COURSE, DOES NOT REFLECT ADDITIONAL COSTS INVOLVED IN MANNING, INSURING, REPAIRS, AND TOWING.

4. COMMENT: THESE LOWER LEASE FIGURES SHOULD HELP BARRACCA'S COMPETITIVE POSITION. DEPT AND NAVY PREFER TO SEE HOW BARRACCA DOES ON BASIS THIS LEASE FIGURE BEFORE CONSIDERING WHAT IF ANY FURTHER MEASURES MAY BE JUSTIFIED. IN MEANTIME, BARRACCA SHOULD BE REMINDED HE HAS NO RPT NO AUTHORITY TO ASSUME MORE THAN LEASING ARRANGEMENT AS OUTLINED TO MURPHY BY BOYD. KISSINGER

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